

# Open Door Forum Newsletter

March 2003

Volume 2, Issue 4

## Stats of the Month!

**1,291** teleconference lines were open to individual and group participants and more than **58** guests visited with the CMS Administrator and policy leaders during the Open Door Forums held in the month of February.

To date, more than **15,450** guests have participated in the forums since October 2001.

## Hot Announcements!

### Long-Term Care Hospital Prospective Payment System

The proposed annual update of the payment rates for the Long-Term Care Hospital (LTCH) Prospective Payment System (PPS) was published in the Federal Register earlier this month. The proposed rule discusses a change to the annual LTCH PPS rate update cycle to July 1 through June 30 and includes proposed payment amounts and factors that would be effective for the proposed rate year.

For more information about these proposed changes, those for associated outlier payments, and payments to LTCHs that are satellite facilities can be found here:

[www.cms.gov/providers/longterm/frnotices.asp](http://www.cms.gov/providers/longterm/frnotices.asp)

Comments must be received by 5 PM ET on May 6.

## 21st Century Medicare

Earlier this month, President George W. Bush announced his proposed framework to modernize and improve Medicare. In keeping with the binding commitment of a caring society to our most vulnerable citizens, the President's goal of this framework is to provide more choices and better benefits to every senior in America.

Building on these principles and working with Congress on legislation to bring Medicare into the 21st Century, the President has committed up to \$400 billion over the next ten years in his FY 2004 budget to pay for modernizing and improving Medicare.

Specifically, the framework will give all Medicare beneficiaries access to prescription drug coverage, choice of an individual health care plan that best fits their needs as well as choice of the doctor, hospital, or place they want for the treatment and care they need. Coverage for disease prevention protection from high out-of-pocket costs that threaten to rob seniors of their savings are other key elements of this proposal.

To learn more about the President's efforts to modernize and improve Medicare, please click here:

[www.whitehouse.gov/news/releases/2003/03/20030304-1.html](http://www.whitehouse.gov/news/releases/2003/03/20030304-1.html)



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## *Boards of Trustees for Medicare Annual Report Issued*

The 2003 Annual Report of the Boards of Trustees of the Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) Trust Funds, which informs Congress on the financial operations and actuarial status of Medicare indicates that total expenditures are projected to increase rapidly, from 2.6 percent in 2002 to 5.3 percent by 2035 and then to 9.3 percent by 2077.

Additional details about the status of the HI and SMI Trust Funds independently, information on the past and estimated future financial operations of the HI and SMI, and substantial material actuarial projections can be found here:

[www.cms.gov/publications/trusteesreport/default.asp](http://www.cms.gov/publications/trusteesreport/default.asp)



## *Proposed Change: Cost Outlier Payment Methodology Under the Acute Care Hospital Inpatient Prospective Payment System*

CMS seeks your comments on the proposed rule to change the methodology for determining payments for extraordinarily high-cost cases (cost outliers) made to Medicare-participating hospitals under the acute care hospital inpatient prospective payment system. The rule proposes to end abusive practices whereby some hospitals were able to manipulate the current outlier system to maximize payments from the program –at an expense of hospitals that had legitimately high-cost cases.

Under the existing outlier methodology, the cost-to-charge ratios from hospitals' latest settled cost reports are used in determining a fixed-loss amount cost outlier threshold. We have become aware that, in some cases, hospitals' recent rates of charge increases greatly exceed their rates of cost increases.



This disparity results in their cost-to-charge ratios being set too high, which in turn results in an overestimation of their current costs per case. Therefore, revisions must be made to the outlier payment methodology to correct those situations in which hospitals would otherwise receive overpayments for outlier cases due to excessive charge increases. Your comments on this proposed rule must be received by 5 PM ET April 4.

For more details, please click here: <http://cms.hhs.gov/providerupdate/regs/cms1243p.pdf>

## *Managed Care Industry Market Update*

As policy makers consider new and existing health plan options in both Medicare and Medicaid, the subject of CMS' latest Market Update report, which focuses on the financial stability and performance of the managed care industry, is especially relevant today.

Our goal is to provide objective summary information that can be quickly used by CMS, HHS, Congress, and their staffs that oversee these programs.

To review the update in its entirety, please click here: [www.cms.gov/reports/hcimu/default.asp](http://www.cms.gov/reports/hcimu/default.asp)

# Home Health Consolidated Billing & Provider Liability

Since October 1, 2000, Home Health Consolidated Billing (HH CB) has been in effect and has denied payment for these services subject to HH CB that were received after a home health agency (HHA) claim had been paid.

Independent therapists and DME suppliers are responsible for determining whether the beneficiary they are serving is under a home health plan of care, which bundles certain therapies and medical supplies covered under the home health benefit.

Until CMS' new Eligibility Benefit Inquiry/Response (270/271) Transaction System is available, independent therapists and suppliers have a responsibility to seek home health status from the beneficiary they wish to serve (or from the beneficiary's authorized representative) and/or, as a last resort, to call their contractor's provider toll free line to request home health eligibility information available on the Common Working File.



For specifics, click here:

[http://cms.hhs.gov/manuals/pm\\_trans/B03021.pdf](http://cms.hhs.gov/manuals/pm_trans/B03021.pdf)

## Home Health Quality Initiative

To assure quality health care for all Americans through accountability and public disclosure, the Home Health Quality Initiative (HHQI) aims to empower consumers with quality of care information to make more informed decisions about their health care as well as stimulate and support providers and clinicians to improve the quality of health care.

With this in mind, CMS has announced Phase I of the Home Health Quality Initiative in eight states including Florida, Massachusetts, Missouri, New Mexico, Oregon, South Carolina, West Virginia and Wisconsin. Using the experience of the Phase I states, CMS will expand the public reporting of home health quality measures to all 50 states, the District of Columbia, and some U.S. Territories in Fall 2003.

To view further details including the Quality Strategy, the Home Health Quality Measures, and additional information, please click here:

[www.cms.hhs.gov/quality/hhqi/](http://www.cms.hhs.gov/quality/hhqi/)

## How to Resolve Overlapping Claims

Recently, through both the Hospital and End Stage Renal Disease and Clinical Laboratories forums, a joint signature memo was delivered to all Medicare fiscal intermediaries and carriers concerning the disclosure of information about one provider or his/her claims to another provider to facilitate proper billing.

The Disclosure Desk Reference for Call Centers (CR 2237, TN AB-02-094 dated July 3, 2002) will be updated to reflect that the disclosure of this information is permitted as long as both providers have a relationship with the beneficiary, and the purpose of the disclosure is to facilitate the payment or health care operations of the provider that receives the information. When information is disclosed, it must be limited to the minimum amount necessary to accomplish the specific purpose of the disclosure.

For more information in this regard, please contact your CMS Regional Office.

## Changing of the Guard



CMS welcomes the new leadership of our Program Integrity Group in the Office of Financial Management. Earlier this month, Dara Corrigan, the new Director, joined Brenda Tranchida, the Deputy Director, as the new CMS points of contact for program integrity issues.

Program Integrity has many functions, to include developing Medicare and Medicaid program integrity strategy, managing Medicare program integrity enforcement activities, assuring that all benefit payments are correct, and identifying and monitoring program vulnerabilities. Later this summer, Dr. Louis Jacques will report to the group as the Medical Officer.

## Important HIPAA Notes

The Department of Health and Human Services' Office of Civil Rights (OCR) has new Portability and Accountability Act (HIPAA) Privacy Rules Frequently Asked Questions (FAQs) that include answers to questions concerning "Preemption of State law and requests for preemption exception determinations," "Disclosure of protected health information to protect against bioterrorism," and "Nursing home reporting of admissions information concerning SSI recipients to SSA." All Privacy Rule FAQs, including the new FAQs, are now available at a new location where they can be searched on keywords or by topic.

### Don't Forget!

The implementation date of the Privacy Final Rule is April 14 -click here for more details: [www.hhs.gov/ocr/](http://www.hhs.gov/ocr/) and, if you filed an extension, you should begin testing Transactions and Code Set Standards by April 16.



## Hot Transmittals & Resources!

A-03-015: *Electromagnetic Stimulation for Wound Care*  
[http://cms.hhs.gov/manuals/pm\\_trans/A03015.pdf](http://cms.hhs.gov/manuals/pm_trans/A03015.pdf)

B-03-017: *Add-On-Codes for Anesthesia*  
[http://cms.hhs.gov/manuals/pm\\_trans/B03017.pdf](http://cms.hhs.gov/manuals/pm_trans/B03017.pdf)

AB-03-024: *Clarification of the Allocation of Initial Claim Entry Activities Where the Claim is Paid Secondary by Medicare*  
[http://cms.hhs.gov/manuals/pm\\_trans/AB03024.pdf](http://cms.hhs.gov/manuals/pm_trans/AB03024.pdf)

AB-03-030: *Changes to the Laboratory National Coverage Determination (NCD) Edit Software for April 1, 2003*  
[http://cms.hhs.gov/manuals/pm\\_trans/AB03030.pdf](http://cms.hhs.gov/manuals/pm_trans/AB03030.pdf)

AB-03-034: *Medicare Fee for Service Contractor Guidance on the HIPAA Privacy Rule*  
[http://cms.hhs.gov/manuals/pm\\_trans/AB03034.pdf](http://cms.hhs.gov/manuals/pm_trans/AB03034.pdf)

## On the Road Again!

CMS will be on the road again to host Open Door Forums near you! Currently, the upcoming tour includes the April 25 Physician forum from Powell, WY as special guests of the Wyoming Medical Society and the Montana Medical Association and, at the same time, from Chicago, IL as guests of the American Hospital Association; the April 29 Rural Health forum in PA hosted by Geisinger Medical Center; and the May 19 Physician forum in Indiana hosted by the Indiana State Medical Association.



Click the mail box on this page to let us know if you are interested in hosting an Open Door Forum near you.

## Special Open Door Forums

CMS is happy to announce the New Freedom Initiative (NFI) Open Door Forum! This new forum specifically designed to discuss the NFI is scheduled for Monday, March 31 at 2 PM ET.

The focus of this series of special forums is to obtain ideas and issues from the public on actions that will remove barriers and promote community living alternatives, provide updates and answer questions on current CMS NFI activities described in [Progress on the Promise](#).

The NFI forum will complement the popular Disability Open Door Forum. The NFI forum will be devoted to issues and ideas related to barriers that impede the ability of both young and old individuals to live and participate fully in their communities.

For more information including the special call in number and associated materials, please click here:

<http://cms.hhs.gov/newfreedom/nfiforums.pdf>

Other special forum on the horizon include the Hospital Quality Initiative forum April 3 at 4:30 PM ET and the Program of All-Inclusive Care for the Elderly (PACE) forum April 15 at 2 PM ET. For more info, click the mailbox.

For any information regarding the Open Door Forum Initiative, please feel free to contact Tom Barker, Special Assistant to the Administrator for Policy and Outreach at (202) 690-0056 or: [tbarker@cms.hhs.gov](mailto:tbarker@cms.hhs.gov)

